KOSKISEN

8/14/2026 1:38 pm EEST

This is a translated version of "Hinnassa on jo selvästi nykyistä parempi tulostaso" report, published on 8/14/2026

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Price already reflects clearly better performance than is shown now

We reiterate our EUR 8.50 target price and Reduce recommendation for Koskisen. Although the company's Q2 earnings were weaker than we expected, we did not make significant changes to our near-term estimates. We believe Koskisen still has clear earnings growth potential in the coming years, as the construction cycle eventually recovers and the company's substantial investments of recent years reach fruition. However, the cyclical recovery has continuously receded, and the stock is expensive relative to its weak short-term earnings performance. Thus, we believe the expected return on Koskisen's share remains modest over our target price horizon.

Growth brought no profitability in Q2

In Q2, Koskisen's revenue increased by 16% to 104 MEUR and adjusted EBITDA decreased by ~28% to 7.4 MEUR. Revenue and operative EBIT were below our estimates and those of the consensus. Revenue growth, driven by the acquisition of Iisveden Metsä and volume growth in the Sawn Timber Industry, was slightly slower than we expected. Despite the growth, however, the adjusted EBITDA margin fell to a weak 7.1%, as inflation and weak sales of by-products squeezed margins. The Sawn Timber Industry suffered the most in terms of profitability, but the Panel Industry's margins also remained weaker than estimated.

We left our estimates virtually unchanged

Koskisen reiterated its guidance for the current year, according to which the company expects its revenue to grow in 2026 and the EBITDA margin to decrease from 8.1% last year. Reiterating the guidance was in line with our and the consensus estimates. There were few bright spots in the company's market outlook for the relatively short horizon visible, as the macroeconomic repercussions of the war in Iran (including inflation and rising market interest rates) are increasing the company's cost base and delaying the recovery of the construction sector, which is critical for Koskisen. Additionally, the widening price difference between logs and pulpwood due to decreasing pulpwood prices has become a new problem to some extent, putting pressure on the profitability of the Sawn Timber Industry through by-product sales.

We did not make any material changes to Koskisen's near-term estimates despite the Q2 earnings miss. The company's earnings will decline this year, especially on the lower lines of the income statement, but we expect Koskisen's profitability to recover starting next year, driven by the gradual recovery of the construction cycle, efficiency benefits from investments, synergies from the acquisition of Iisveden Metsä, and the easing of the worst inflationary pressures. In our estimates, persistently high raw material prices will limit profitability in the coming years despite revenue growth. Thus, we estimate the company will fall quite clearly short of its margin target (cf. over 15% EBITDA-% over the cycle vs. 2026e-2028e adj. EBITDA-% 6-11%).

Current share price already reflects a higher-than-current earnings level

Koskisen's EV/EBITDA ratios for 2026 and 2027, which consider the balance sheet structure, are around 11x and 6x, and the corresponding P/E ratios are 54x and 12x. The multiples are clearly above our accepted ranges for this year, considering the company's estimated return on capital and risk profile, and within the ranges for next year. We consider this a challenging overall picture in the short term, given that, due to the uncertain outlook, we believe the forecast risks do not clearly turn positive. Thus, we believe that Koskisen's expected return, consisting of earnings growth, declining multiples (Q2'26 LTM P/E of approximately 70x), and a 1% dividend yield, will be below the required return over a 12-month horizon. The upside to the share's DCF value, which considers a longer-term perspective, is also limited. As the European economy and construction sector recover, Koskisen could have good earnings leverage, but we remain cautious on the stock as signs of a market turnaround are still nowhere to be seen.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 8.50
(was EUR 8.50)

Share price:
EUR 8.56

Business risk
●●●●○

Valuation risk
●●●○○

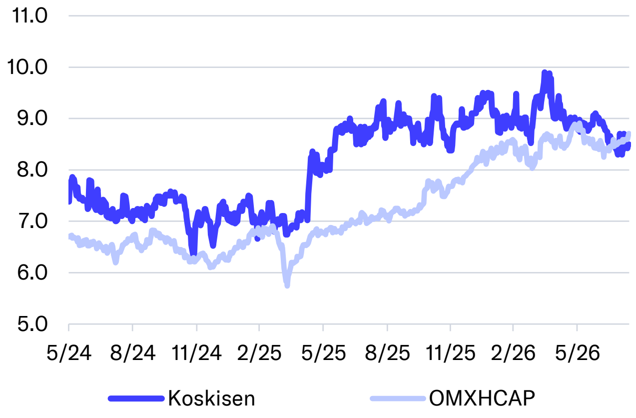
	2025	2026e	2027e	2028e
Revenue	354.9	405.5	446.3	466.4
growth-%	26%	14%	10%	5%
EBIT adj.	14.5	8.6	24.2	31.2
EBIT-% adj.	4.1 %	2.1 %	5.4 %	6.7 %
Net Income	8.6	3.7	17.2	23.4
EPS (adj.)	0.37	0.16	0.71	0.97
P/E (adj.)	24.7	54.1	12.0	8.8
P/B	1.3	1.3	1.2	1.0
Dividend yield-%	1.5 %	1.2 %	2.3 %	3.5 %
EV/EBIT (adj.)	19.0	31.2	10.6	7.7
EV/EBITDA	9.5	10.8	6.3	5.0
EV/S	0.8	0.7	0.6	0.5

Source: Inderes

Guidance (Unchanged)

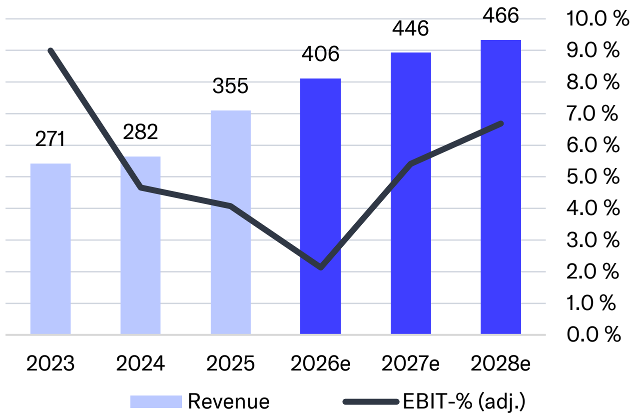
Koskisen group's revenue for 2026 is expected to grow from the 2025 level. The adjusted EBITDA margin is expected to be below the level of full year 2025 (2025: 8.1%).

Share price



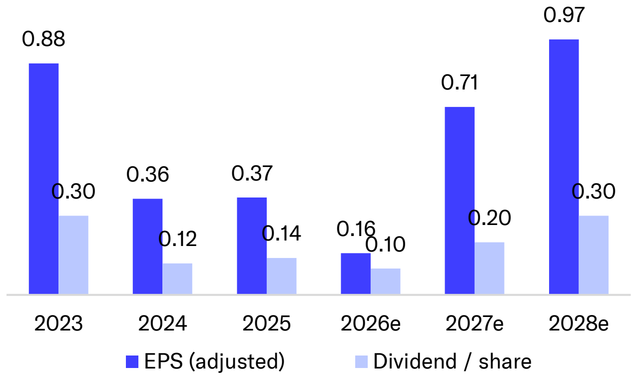
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Healthy long-term demand trends
- Increasing exports and finding customers who appreciate customization
- Potential for improvement in the level of profitability
- Business generates value (ROIC>WACC) in a favorable cycle
- War-related supply disruptions help Panel Industry for the foreseeable future

Risk factors

- Cyclicality of demand and dependence on construction activity
- Tight competition situation in for Sawn Timber Industry
- Removal of the supply disruptions in Panel Industry
- Tight timber market in Finland

Valuation	2026e	2027e	2028e
Share price	8.56	8.56	8.56
Number of shares, millions	24.1	24.1	24.1
Market cap	206	206	206
EV	270	255	240
P/E (adj.)	54.1	12.0	8.8
P/E	55.3	12.0	8.8
P/B	1.3	1.2	1.0
P/S	0.5	0.5	0.4
EV/Sales	0.7	0.6	0.5
EV/EBITDA	10.8	6.3	5.0
EV/EBIT (adj.)	31.2	10.6	7.7
Payout ratio (%)	64.6 %	28.0 %	30.9 %
Dividend yield-%	1.2 %	2.3 %	3.5 %

Source: Inderes

Margins, particularly in Sawn Timber Industry, are problematically thin

Revenue continued to grow nicely

Koskisen's revenue for the seasonally strong Q2 grew by 16% to 104 MEUR, which missed our and consensus estimates by a small margin. Growth mainly came from the Sawn Timber Industry, where the acquisition of Iisveden Metsä still supported revenue for 2 months. Organic growth in sawn timber delivery volumes was likely good despite weak construction market environment. However, average prices and thus revenue in the Sawn Timber Industry fell short of our estimates, likely due at least in part to more flexible by-product selling prices than expected. In the Panel Industry, revenue grew slightly in Q2, and both volumes and average prices were roughly in line with our expectations. The overall market situation in the Panel Industry was also sluggish in Q2, as demand in the logistics sector with its high price point weakened from the comparison period, and the weakness in the chipboard segment, tied to construction in Finland, continued as well. Conversely, exports of lower-value-added birch plywood, particularly to Southern Europe, appear to have performed well, but this alone was insufficient to drive growth faster than 2%.

Margins pose a problem, though

Koskisen's adjusted EBITDA decreased 28% year-on-year to 7.4 MEUR, which was clearly weaker than our and consensus estimates. Profitability in both segments turned downward and fell short of forecasts. In the Sawn Timber Industry, cost pressures in logistics and logs, as well as the weaker by-product profitability, weighed on the result, making it very unsatisfactory. We estimate that the by-product business operated at a loss in Q2, as the decline in pulpwood prices put downward pressure on chip prices and, at the same time, the company was forced to lower the price level at which it sold pulpwood inventories purchased earlier at higher prices. We think the latter effect may be more of a one-time issue than the burden caused by the widening price gap between logs and pulpwood, but due to the slow inventory turnover, this effect may also continue in the short term. In the Panel Industry, birch plywood maintained reasonable performance but still fell short of offsetting the margin pressure caused by inflation, a weaker product mix, and chipboard weakness.

There were no major deviations in depreciation, financial expenses, or taxes on the lower lines relative to our forecasts or the company's recent figures. Koskisen's reported EPS thus fell to EUR 0.09 in Q2, reflecting especially the decline in operating profit. As expected, cash flow was also relatively weak in the report, as cash flow from operating activities nearly halved from the comparison period to 4.2 MEUR in Q2. However, free cash flow remained slightly positive in Q2.

Financial position still on reasonable footing

Koskisen's gearing was a moderate 35% at the end of Q2 (Q1'25: 24%). We believe the company's balance sheet is sound, even though the net debt to EBITDA ratio, relative to the subdued 12-month rolling earnings, was slightly elevated at 3x at the end of Q2. However, the pace of organic investments is already slowing down, and the next turn for the rolling twelve-month result is more likely to be positive.

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus		Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	89.7	104	109	108	0.0	0.0	-4%	406
EBITDA (adj.)	10.5	7.4	8.8	9.6	0.0	0.0	-16%	24.9
EPS (reported)	0.21	0.09	0.13	0.16	0.00	0.00	-31%	0.36
Revenue growth-%	15.3 %	16.4 %	21.2 %	19.9 %	-100.0 %	-100.0 %	-4.8 pp	14.3 %
EBITDA-% (adj.)	11.7 %	7.1 %	8.1 %	8.9 %			-1 pp	6.1 %

Source: Inderes & Modular Finance (consensus)

We estimate that earnings will bottom out this year

Guidance remained unchanged as expected

Koskisen reiterated its guidance for the current year, according to which the company expects its revenue to grow in 2026 and the EBITDA margin to decrease from 8.1% last year. Reiterating the guidance was in line with our and the consensus estimates.

There were few bright spots in the company's market outlook for the relatively short horizon visible, as the macroeconomic repercussions of the war in Iran (including inflation and rising market interest rates) are increasing the company's cost base and delaying the recovery of the construction sector, which is critical for Koskisen. In addition, the challenges facing the by-product business may continue into H2. The situation in the Panel Industry is better, and the company may have pricing power for at least moderate price increases. However, a product mix likely to remain weak due to market factors, high costs, and the probable significant erosion of margins in the chipboard segment do not bode well for particularly strong profitability in the near future.

Q3 is seasonally weak for Koskisen due to summer production shutdowns and customer holidays, and we estimate that Q3 will again be Koskisen's weakest quarter this year. Looking ahead to next year, however, visibility is still very limited. In our baseline scenario (i.e., economic growth in Europe recovers and market interest rates fall), the next market turnaround will be positive for both business segments, but so far, there are absolutely no signs that the current widespread headwinds are even beginning to ease.

We also kept our estimates largely unchanged

Despite the Q2 earnings miss, we did not make any material changes to Koskisen's near-term estimates, as we had already prepared for a challenging operating environment throughout this year with the estimate cuts we made in connection with Q1. The company's profit will clearly decline this year, especially in the bottom line, but we expect Koskisen's revenue and EBITDA to recover starting next year, driven by the gradual recovery of the construction cycle, the revitalization of the logistics sector, efficiency benefits from investments, and the acquisition of Iisveden Metsä. In our estimates, persistently high raw material prices will limit profitability in H2 and in the coming years as well, despite revenue growth. We expect by-product sales profitability to return to normal, at least partially, by next year, though the pace will naturally depend on the dynamics of the Finnish wood market to some extent. Our forecasts for 2027-2028 assume a recovery in construction sector demand, leading to more favorable pricing in both business segments by that time at the latest and easing of inflation caused by the war in Iran.

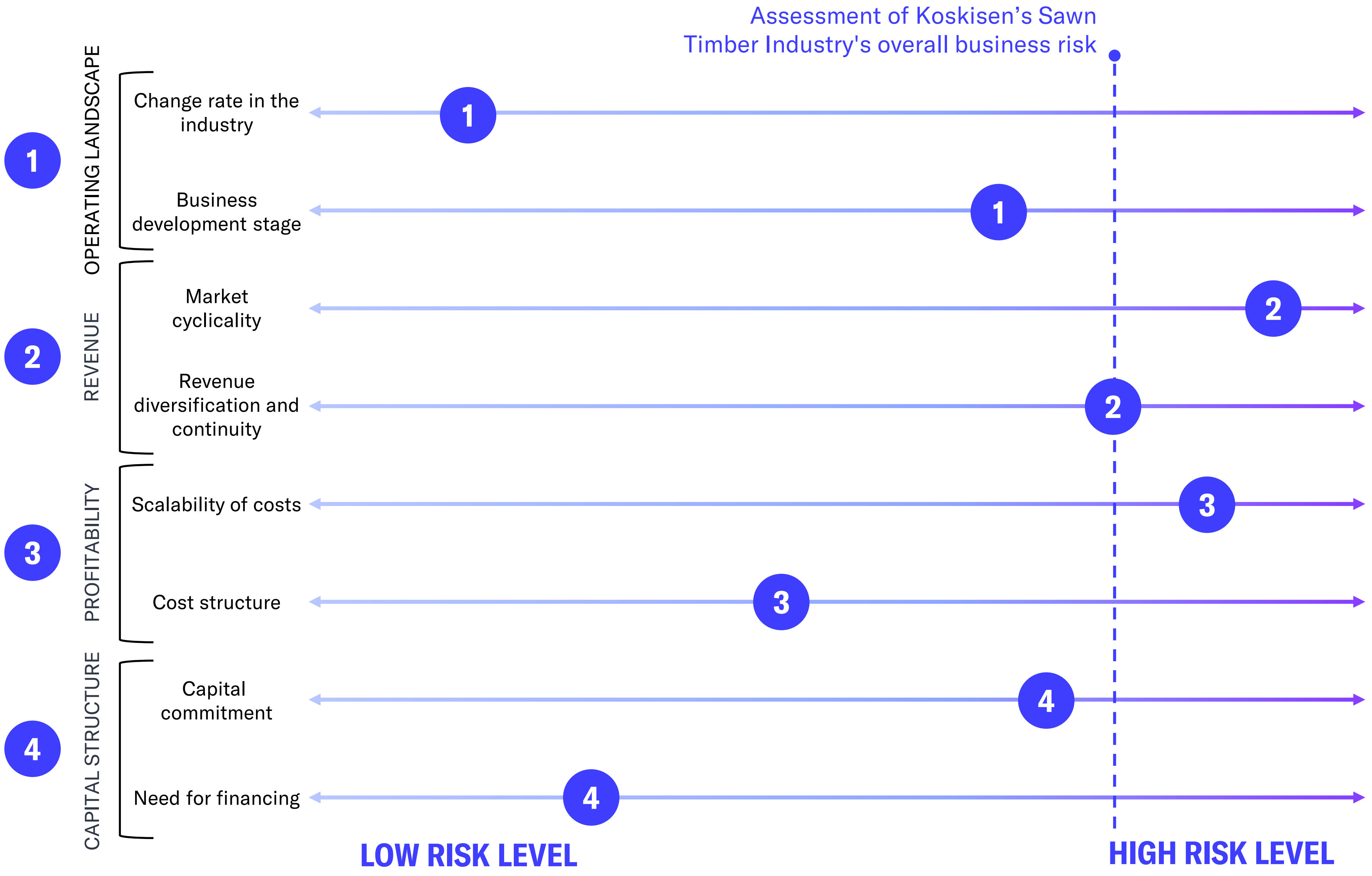
Our forecasts for profitability are clearly below Koskisen's target of over 15% EBITDA margin (2026e-2028e ~8-11%). The main risks to our forecasts are the global economy, the price of wood raw material, competition, tariffs, and the conclusion of the war in Ukraine. Especially the latter two factors can have unpredictable indirect positive and/or negative effects on Koskisen's markets.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	406	406	0%	446	446	0%	466	466	0%
EBITDA	26.4	24.9	-6%	40.7	40.7	0%	47.7	47.7	0%
EBIT (exc. NRIs)	10.5	8.6	-18%	24.5	24.2	-1%	31.5	31.2	-1%
EBIT	10.4	8.5	-18%	24.5	24.2	-1%	31.5	31.2	-1%
PTP	6.5	4.7	-28%	21.4	21.0	-2%	29.0	28.5	-2%
EPS (excl. NRIs)	0.21	0.16	-26%	0.73	0.71	-2%	0.99	0.97	-2%
DPS	0.10	0.10	0%	0.20	0.20	0%	0.30	0.30	0%

Source: Inderes

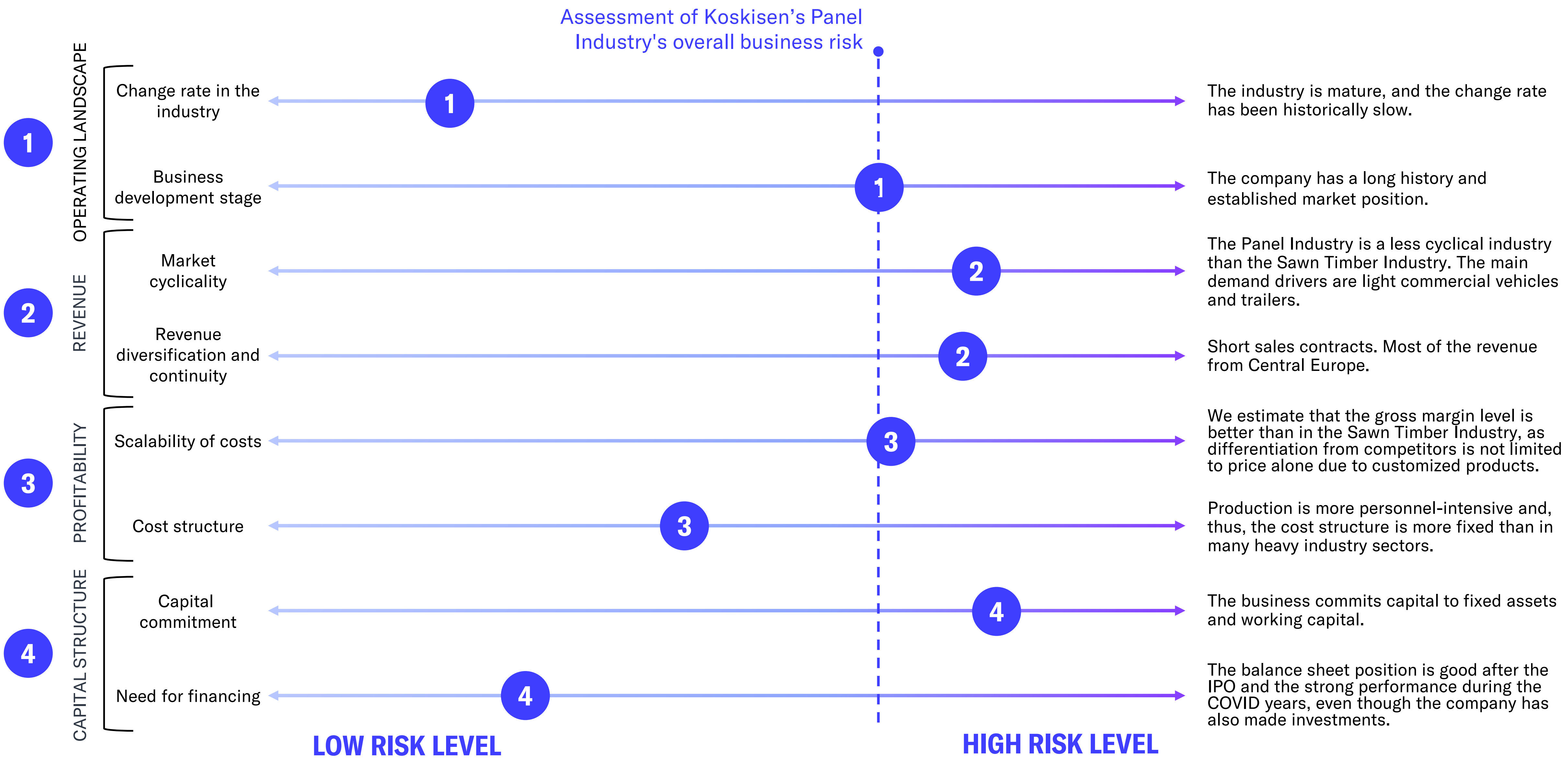
Koskisen, Webcast, Q2'26 (in Finnish)

Risk profile of Koskisen's Sawn Timber Industry



Change rate in the industry	The industry is mature, and the change rate has been historically slow.
Business development stage	The company has a long history and established market position. The company aims to seek growth by capitalizing on the benefits of large investments in the Järvelä sawmill unit and the Iisveden Metsä acquisition.
Market cyclicality	The sawn timber industry is very cyclical, especially in terms of earnings generation. Construction is the main demand driver.
Revenue diversification and continuity	One-off and short-term sales contracts, but a quite diversified customer base and reasonable geographical diversification.
Scalability of costs	We estimate that the average gross margin is rather low and reflects the company's limited pricing power and the primarily tight competitive dynamics of the industry.
Cost structure	Fixed costs are scalable through improved capacity utilization at Järvelä and synergies from the Iisveden Metsä acquisition.
Capital commitment	The business commits capital to fixed assets and working capital.
Need for financing	The balance sheet position is good after the IPO and the strong performance during the COVID years, even though the company has also made investments.

Risk profile of Koskisen's Panel Industry



Strategy and financial targets

Focus areas of Koskisen's strategy

Value creation for customers	Development of current activities	Taking bold steps	Promoting responsibility and sustainable development
Koskisen **focuses** on high-quality and customized products, customer-oriented service and innovative solutions.	Koskisen aims to **strengthen** the competitiveness and differentiation of its factories, product development and efficiently implement new initiatives.	Koskisen **plans** and **prepares** for possible acquisitions and investments.	Koskisen **considers** the wise use of natural resources in its operations, strives to mitigate climate change and invests in sustainable bioeconomy solutions.

Inderes' comments on Koskisen's strategic focus areas

- Considering Finland's high production cost level, we do not believe Koskisen has sustainable cost advantages in an international comparison, even though the company's factories (especially the new Järvelä saw line) are efficient. Therefore, we feel focusing on quality, customization and innovative solutions is the logical and almost only option for the company to achieve higher profitability than the industry average.
- In terms of customer value creation, it is also essential to gradually increase the value added of production through, e.g., processing, Kore products, and in the long term, possibly also through completely new wood products.

- We believe the development of the current business includes the commercial side and developing the production efficiency of the factories (incl., e.g., investments in the Panel Industry).
- Regarding efficiency, there is significant improvement potential in the new Järvelä saw line (including increasing capacity by removing bottlenecks), and not all the benefits of the investments have yet been fully reflected in the income statement.
- On the commercial side, the company must be able to sell the new and potentially growing capacity in Järvelä and also other existing products to the market in an increasingly profitable manner.

- The company is looking at possible M&A transactions, also after the Iisveden Metsä acquisition, especially in the Sawn Timber Industry in Finland, and organic investment opportunities in the Panel Industry.
- A transaction in the Sawn Timber Industry that would clearly increase the size class, has minor overlaps and generates cost synergies (wood sourcing in particular) in Finland could be sensible. In the Kore segment, acquisitions could create value considering the estimated good capital return of the businesses.
- Bold steps will likely require significant capital in due course, which requires the company to maintain a strong balance sheet.

- There are growing pressures on forest use from different sectors, so ensuring the general acceptability of the forest industry requires sensible use of raw materials.
- Koskisen's products are clearly carbon-negative and thus mitigate climate change, which gives the company a good starting point for benefiting from the sustainability trend.
- Focusing on responsibility will probably require investments from the company, but some of these will also open up new business opportunities.

Source: Koskisen, Inderes

Valuation supports restraint with regard to the stock

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 4-7x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. During cyclical turning points, multiples can occasionally fluctuate widely, especially due to the strong cyclicality of the Sawn Timber Industry during economic turning points. We have discussed the logic of our Koskisen valuation in more detail in our extensive report published in the spring, which can be read here.

Challenging near-term valuation picture is hard to overlook entirely

With our 2024 and 2025 estimates, Koskisen's P/E ratios are around 54x and 12x and corresponding EV/EBITDA ratios are around 11x and 6x. Thus, the stock is priced above our accepted valuation ranges based on this year's weak earnings and within the ranges based on next year's improved, but still highly uncertain, earnings level. Thus, in our view, the valuation based on earnings multiples is neutral at best for the 12-month outlook, considering the positive and negative risks associated with the forecasts.

The balance sheet-based P/B of 1.3x (2026e) is also at an adequate level, as our forecasts for Koskisen's average ROCE and ROE moderately exceed our estimate of the company's cost of capital in the medium term. We have not made any revisions to Koskisen's required return in this update. However, a more pronounced increase in the balance sheet valuation would require more robust value creation than our current projections (i.e. ROCE-% > WACC-%). Furthermore, in our view, balance sheet-based valuation may not support the stock if the weak earnings cycle prolongs, as balance sheet valuations below the book value of equity are not uncommon in the industry. Looking at the current year, balance sheet valuation is also challenging, as Koskinen's return on capital will clearly fall below the required rates of return. While this might be overlooked in individual years, over a longer horizon, pricing the balance sheet at a premium relative to its book value requires Koskisen to achieve significantly better returns on equity than in recent years and at the current level.

Considering this overall picture, we estimate that the expected return for Koskisen's stock, stemming from earnings growth transitioning from a low level, significant valuation downside (Q2'26 LTM P/E over 70x), and a dividend yield of about 1%, is unsatisfactory on a one-year horizon. The expected return would turn more attractive or very attractive in the medium term if Koskisen could raise its profitability to its target of over 15% adj. EBITDA-% or even close to it (vs. our estimated adj. EBITDA-% of ~10-11 % in 2027-2028). At best, this will only be possible at the start of a better cycle, i.e. beyond our 12-month target price horizon.

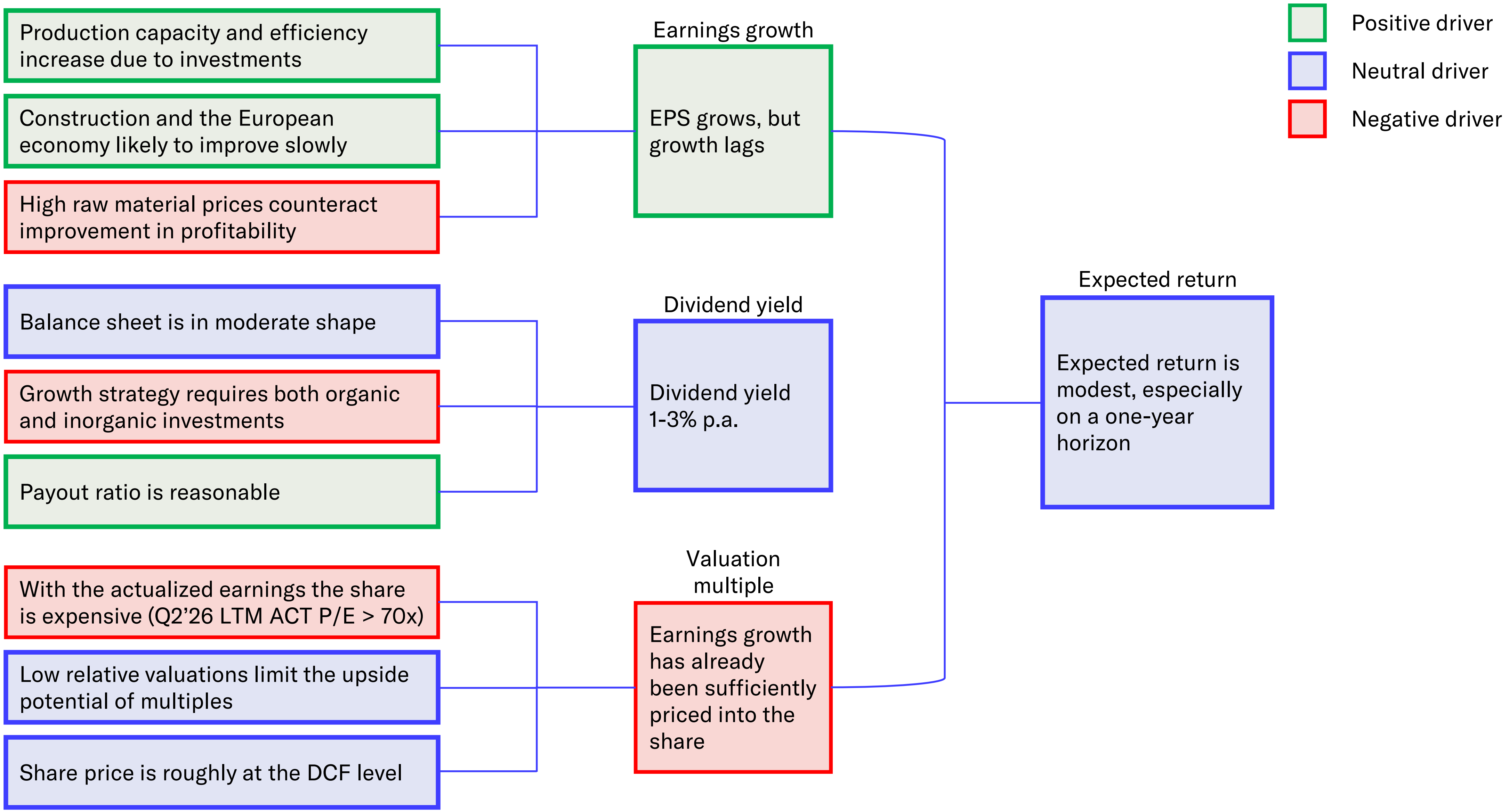
DCF value at the share price

The interpretation of peer group valuations is currently hindered by the modest performance of many peers, making earnings-based multiples appear unusually high. Based on balance sheet and volume, Koskisen's valuation is at a premium, while earnings multiples are mixed. Our DCF model for Koskisen indicates a share value of just below EUR 9 per share, which is at approximately our target price level. Thus, in our opinion, no valuation metric supports rushing into the stock just yet at this stage.

Valuation	2026e	2027e	2028e
Share price	8.56	8.56	8.56
Number of shares, millions	24.1	24.1	24.1
Market cap	206	206	206
EV	270	255	240
P/E (adj.)	54.1	12.0	8.8
P/E	55.3	12.0	8.8
P/B	1.3	1.2	1.0
P/S	0.5	0.5	0.4
EV/Sales	0.7	0.6	0.5
EV/EBITDA	10.8	6.3	5.0
EV/EBIT (adj.)	31.2	10.6	7.7
Payout ratio (%)	64.6 %	28.0 %	30.9 %
Dividend yield-%	1.2 %	2.3 %	3.5 %

Source: Inderes

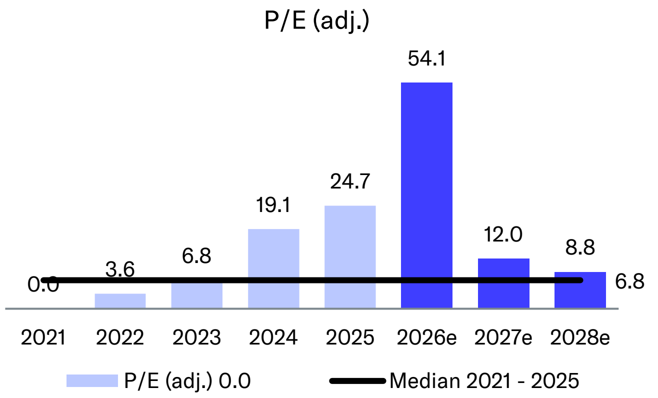
Total Shareholder Return drivers Q2'26 LTM-2028e

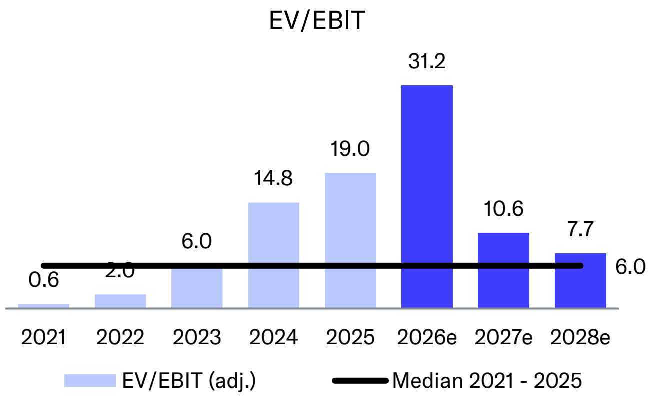


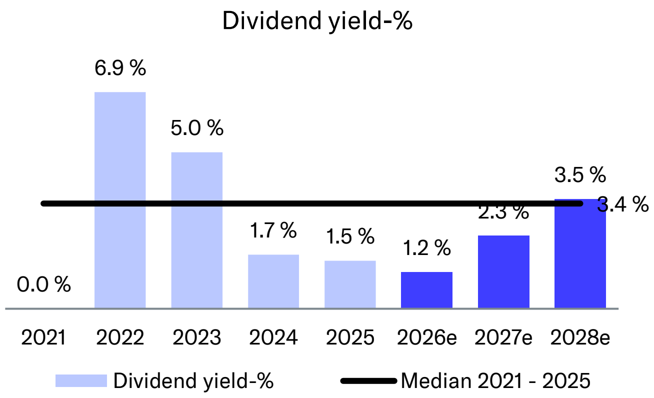
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price		6.28	6.00	6.96	9.10	8.56	8.56	8.56	8.56
Number of shares, millions		23.0	23.0	23.0	23.7	24.1	24.1	24.1	24.1
Market cap		145	138	160	219	206	206	206	206
EV		116	146	195	274	270	255	240	223
P/E (adj.)		3.6	6.8	19.1	24.7	54.1	12.0	8.8	7.6
P/E		3.6	6.8	19.3	25.0	55.3	12.0	8.8	7.6
P/B		1.1	0.9	1.1	1.3	1.3	1.2	1.0	1.0
P/S		0.5	0.5	0.6	0.6	0.5	0.5	0.4	0.4
EV/Sales		0.4	0.5	0.7	0.8	0.7	0.6	0.5	0.5
EV/EBITDA		1.8	4.4	8.0	9.5	10.8	6.3	5.0	4.3
EV/EBIT (adj.)		2.0	6.0	14.8	19.0	31.2	10.6	7.7	6.4
Payout ratio (%)		25.1 %	34.2 %	33.4 %	39.2 %	64.6 %	28.0 %	30.9 %	39.9 %
Dividend yield-%		6.9 %	5.0 %	1.7 %	1.5 %	1.2 %	2.3 %	3.5 %	5.3 %

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Interfor Corp	588	1125			20.5		0.6	0.6					0.4
Boise Cascade	2547	2711	4.9	6.4	4.1	5.0	0.5	0.5	6.9	8.8	10.3	6.9	1.5
West Fraser Timber	4760	5027		172.5	10.2	8.8	0.9	0.9	7016.9	163.2	1.7	1.8	0.8
Canfor	1123	1749			98.4		0.5	0.5					0.5
Stora Enso	7667	11105	43.8	19.1	11.9	9.5	1.2	1.2	51.1	21.6	2.9	2.6	0.7
STEICO	260	367	12.0	8.3	6.2	4.3	1.0	1.0	14.9	10.7	2.2	3.1	0.9
Louisiana-Pacific	4462	4566	18.0	9.8	12.2	7.9	2.1	1.8	24.0	13.1	1.3	1.4	3.5
Stella-Jones	2554	3492	11.2	11.3	9.3	8.9	1.7	1.6	13.5	13.9	1.2	1.3	2.5
Koskisen (Inderes)	206	270	31.2	10.6	10.8	6.3	0.7	0.6	54.1	12.0	1.2	2.3	1.3
Average			18.0	37.9	21.6	7.4	1.0	1.0	1187.9	38.5	3.3	2.8	1.3
Median			12.0	10.6	11.0	8.3	1.0	1.0	19.4	13.5	2.0	2.2	0.9
Diff-% to median			159%	0%	-2%	-24%	-30%	-40%	179%	-11%	-41%	7%	47%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	282	86.2	89.7	83.8	95.1	355	105	104	91.8	104	406	446	466	482
Sawn Timber Industry	140	48.7	47.5	50.2	57.5	204	64.6	61.3	53.7	59.5	239	255	267	279
Panel Industry	142	37.6	42.2	33.6	37.6	151	40.4	43.0	38.1	44.9	166	191	199	203
Other / Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	24.2	9.4	10.5	2.8	6.1	28.8	6.5	7.4	3.5	7.5	24.9	40.7	47.7	51.3
Depreciation	-11.2	-3.2	-3.5	-3.8	-4.0	-14.5	-4.0	-4.1	-4.1	-4.1	-16.3	-16.5	-16.5	-16.7
EBIT (excl. NRI)	13.1	6.3	6.8	-0.9	2.3	14.5	2.6	3.3	-0.6	3.4	8.6	24.2	31.2	34.6
EBIT	13.0	6.2	7.0	-1.0	2.1	14.3	2.5	3.3	-0.6	3.4	8.5	24.2	31.2	34.6
Sawn Timber Industry (EBITDA)	7.2	5.4	4.2	2.6	2.0	14.3	2.9	1.6	1.5	2.1	8.1	18.5	21.8	24.0
Panel Industry (EBITDA)	17.7	4.5	6.7	0.2	4.3	15.7	4.0	5.5	2.5	5.9	17.9	24.2	27.9	29.3
Other / Eliminations	-0.7	-0.5	-0.5	0.1	-0.3	-1.2	-0.4	0.3	-0.5	-0.5	-1.2	-2.0	-2.0	-2.0
Depreciation	-11.2	-3.2	-3.5	-3.9	-3.9	-14.5	-4.0	-4.1	-4.1	-4.1	-16.3	-16.5	-16.5	-16.7
Adjustments	0.0	0.0	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-3.1	-1.0	-0.9	-1.0	-0.7	-3.6	-1.2	-0.9	-0.9	-0.9	-3.9	-3.2	-2.7	-1.4
PTP	10.0	5.3	6.1	-2.0	1.4	10.7	1.3	2.4	-1.5	2.5	4.7	21.0	28.5	33.1
Taxes	-1.7	-1.1	-1.0	0.4	-0.4	-2.1	-0.4	-0.3	0.3	-0.5	-0.9	-3.8	-5.1	-6.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	8.3	4.2	5.0	-1.6	1.0	8.6	0.9	2.1	-1.2	2.0	3.7	17.2	23.4	27.2
EPS (adj.)	0.36	0.19	0.20	-0.07	0.05	0.37	0.04	0.09	-0.05	0.08	0.16	0.71	0.97	1.13
EPS (rep.)	0.36	0.18	0.21	-0.07	0.04	0.36	0.04	0.09	-0.05	0.08	0.15	0.71	0.97	1.13

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	4.0 %	35.4 %	15.3 %	23.6 %	30.5 %	25.8 %	21.8 %	16.3 %	9.6 %	9.8 %	14.3 %	10.0 %	4.5 %	3.4 %
Adjusted EBIT growth-%	-46.1 %	102.3 %	-0.8 %	-277.6 %	-13.7 %	10.1 %	-59.7 %	-51.2 %	-34.6 %	49.2 %	-40.3 %	179.4 %	29.1 %	10.9 %
EBITDA-%	8.6 %	10.9 %	11.7 %	3.4 %	6.4 %	8.1 %	6.2 %	7.1 %	3.8 %	7.2 %	6.1 %	9.1 %	10.2 %	10.6 %
Adjusted EBIT-%	4.7 %	7.4 %	7.6 %	-1.1 %	2.4 %	4.1 %	2.4 %	3.2 %	-0.7 %	3.2 %	2.1 %	5.4 %	6.7 %	7.2 %
Net earnings-%	2.9 %	4.8 %	5.6 %	-1.9 %	1.1 %	2.4 %	0.8 %	2.0 %	-1.3 %	1.9 %	0.9 %	3.9 %	5.0 %	5.6 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	151	180	186	186	187
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.0	3.0	3.4	3.8	4.2
Tangible assets	146	172	178	177	178
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.9	4.4	4.4	4.4	4.4
Other non-current assets	0.0	0.2	0.2	0.2	0.2
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	126	142	148	156	162
Inventories	49.2	62.4	64.9	66.9	70.0
Other current assets	21.6	24.1	24.1	24.1	24.1
Receivables	23.8	31.4	38.5	42.4	44.3
Cash and equivalents	31.8	24.4	20.3	22.3	23.3
Balance sheet total	277	322	334	341	348

Source: Inderes

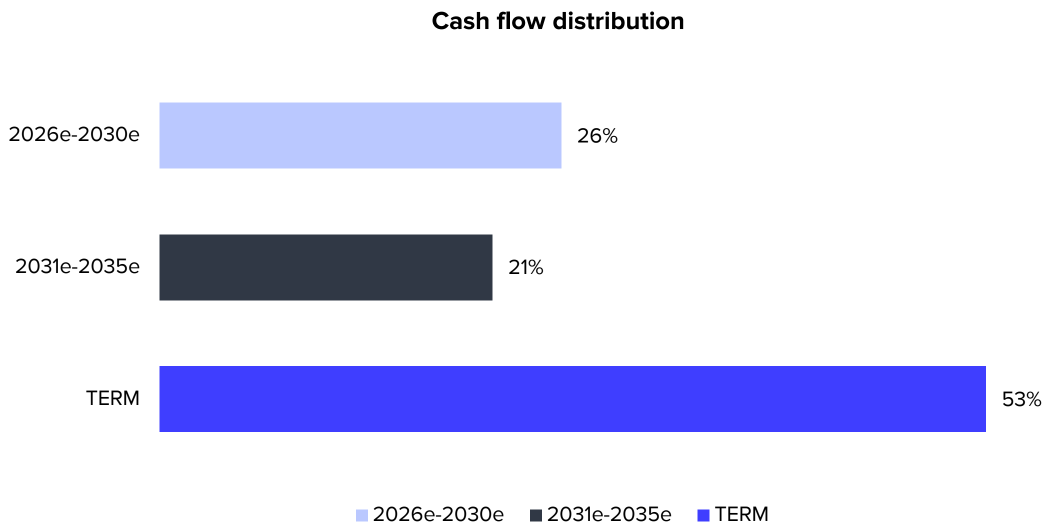
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	149	163	164	178	197
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	65.2	71.1	71.4	86.2	105
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	82.3	90.8	90.8	90.8	90.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	64.6	85.8	88.4	77.3	64.4
Deferred tax liabilities	7.2	9.5	9.5	9.5	9.5
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	54.2	69.7	72.3	61.2	48.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.1	6.4	6.4	6.4	6.4
Current liabilities	63.3	72.9	81.5	85.6	86.8
Interest bearing debt	12.1	9.3	11.4	10.1	8.7
Payables	35.7	46.2	52.7	58.0	60.7
Other current liabilities	15.6	17.4	17.4	17.4	17.4
Balance sheet total	277	322	334	341	348

DCF-calculation

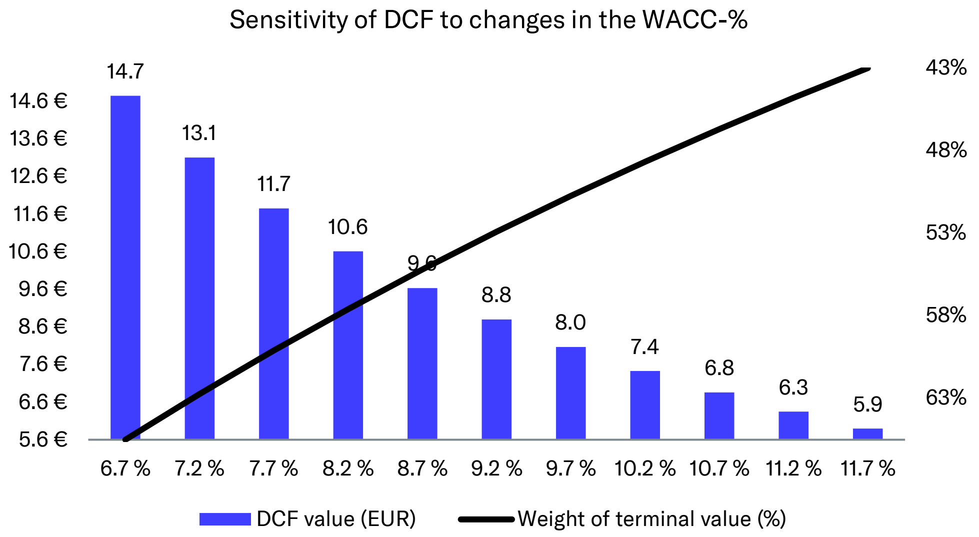
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	25.8 %	14.3 %	10.0 %	4.5 %	3.4 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	4.0 %	2.1 %	5.4 %	6.7 %	7.2 %	7.0 %	6.5 %	6.0 %	5.6 %	5.6 %	5.6 %	5.6 %
EBIT (operating profit)	14.3	8.5	24.2	31.2	34.6	34.6	32.9	31.2	29.8	30.5	31.2	
+ Depreciation	14.5	16.3	16.5	16.5	16.7	16.7	16.9	17.0	17.2	17.4	17.7	
- Paid taxes	0.2	-0.9	-3.8	-5.1	-6.0	-6.0	-5.8	-5.5	-5.2	-5.4	-5.5	
- Tax, financial expenses	-0.8	-0.8	-0.6	-0.5	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
- Change in working capital	-11.0	-3.0	-0.6	-2.3	-1.8	-1.4	-1.4	-1.5	-1.5	-1.5	-1.3	
Operating cash flow	17.4	20.1	35.7	39.7	43.3	43.7	42.4	41.1	40.1	40.9	42.0	
+ Change in other long-term liabilities	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-43.6	-22.4	-16.4	-17.4	-17.4	-18.4	-18.4	-19.4	-20.4	-20.4	-18.7	
Free operating cash flow	-22.9	-2.3	19.3	22.3	25.9	25.3	24.0	21.7	19.7	20.5	23.2	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-22.9	-2.3	19.3	22.3	25.9	25.3	24.0	21.7	19.7	20.5	23.2	327
Discounted FCFF		-2.2	17.1	18.1	19.2	17.2	14.9	12.3	10.3	9.8	10.1	143
Sum of FCFF present value		269	272	255	236	217	200	185	173	163	153	143
Enterprise value DCF		269										
- Interest bearing debt		-79.0										
+ Cash and cash equivalents		24.4										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		-3.4										
Equity value DCF		211										
Equity value DCF per share		8.8										

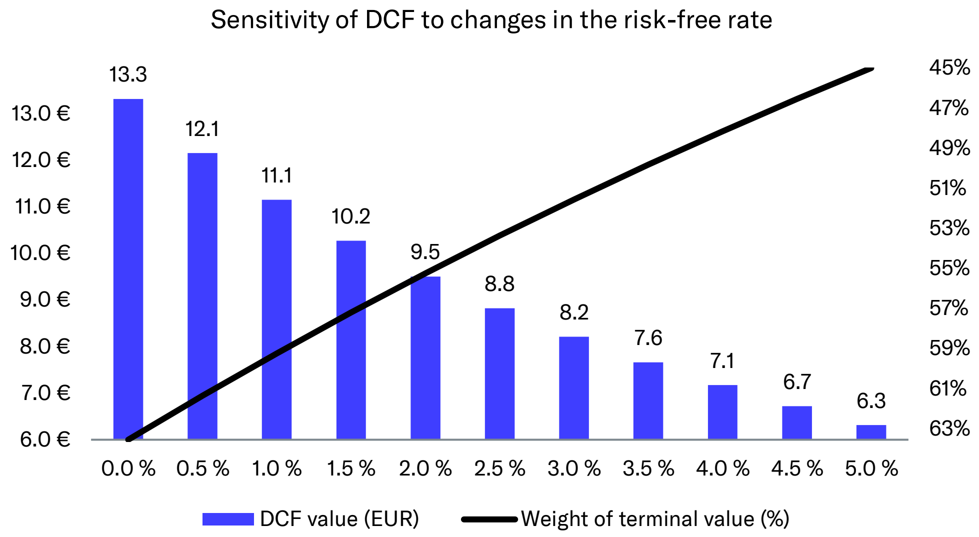
WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E)	17.5 %
Cost of debt	5.0 %
Equity Beta	1.65
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	10.3 %
Weighted average cost of capital (WACC)	9.2 %

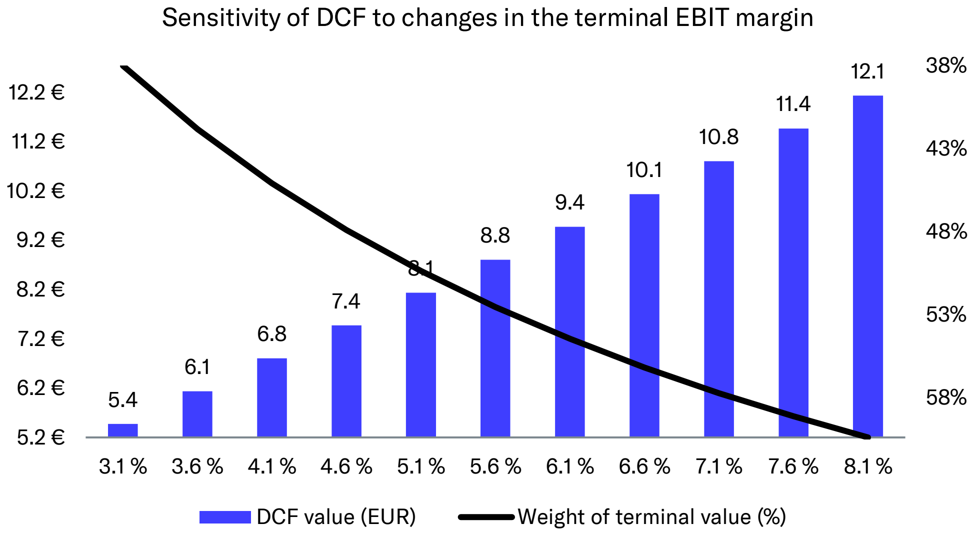
Source: Inderes

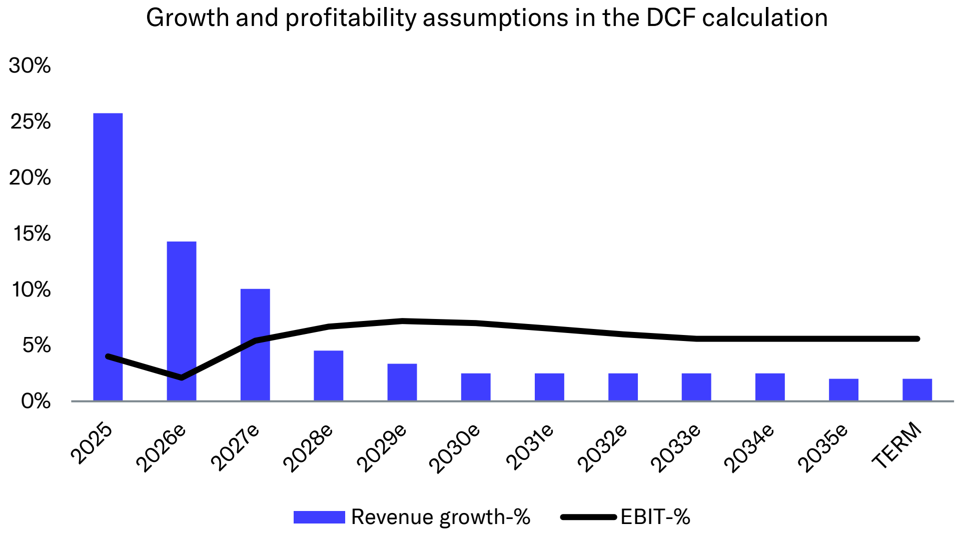


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	271.2	282.2	354.9	405.5	446.3
EBITDA	33.0	24.2	28.8	24.9	40.7
EBIT	24.4	13.0	14.3	8.5	24.2
PTP	24.0	10.0	10.7	4.7	21.0
Net Income	20.2	8.3	8.6	3.7	17.2
Extraordinary items	0.0	-0.1	-0.2	-0.1	0.0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	269.2	277.1	322.1	333.6	341.4
Equity capital	147.2	149.1	163.3	163.7	178.5
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	7.9	34.4	54.6	63.3	49.1

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	33.0	24.2	28.8	24.9	40.7
Change in working capital	-24.9	-8.9	-11.0	-3.0	-0.6
Operating cash flow	6.2	14.7	17.4	20.1	35.7
CAPEX	-33.7	-32.2	-43.6	-22.4	-16.4
Free cash flow	-27.3	-17.5	-22.9	-2.3	19.3

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.5	0.7	0.8	0.7	0.6
EV/EBITDA	4.4	8.0	9.5	10.8	6.3
EV/EBIT (adj.)	6.0	14.8	19.0	31.2	10.6
P/E (adj.)	6.8	19.1	24.7	54.1	12.0
P/B	0.9	1.1	1.3	1.3	1.2
Dividend-%	5.0 %	1.7 %	1.5 %	1.2 %	2.3 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.88	0.36	0.36	0.15	0.71
EPS (adj.)	0.88	0.36	0.37	0.16	0.71
OCF / share	0.27	0.64	0.73	0.84	1.48
OFCF / share	-1.19	-0.76	-0.97	-0.09	0.80
Book value / share	6.40	6.47	6.89	6.79	7.41
Dividend / share	0.30	0.12	0.14	0.10	0.20

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-15%	4%	26%	14%	10%
EBITDA growth-%	-50%	-27%	19%	-14%	63%
EBIT (adj.) growth-%	-58%	-46%	10%	-40%	179%
EPS (adj.) growth-%	-50%	-59%	1%	-57%	351%
EBITDA-%	12.2 %	8.6 %	8.1 %	6.1 %	9.1 %
EBIT (adj.)-%	9.0 %	4.7 %	4.1 %	2.1 %	5.4 %
EBIT-%	9.0 %	4.6 %	4.0 %	2.1 %	5.4 %
ROE-%	14.3 %	5.6 %	5.5 %	2.3 %	10.1 %
ROI-%	12.1 %	6.4 %	6.4 %	3.6 %	9.8 %
Equity ratio	55%	54%	51%	49%	52%
Gearing	5%	23%	33%	39%	27%
Net debt/EBITDA	0.2	1.4	1.9	2.5	1.2
EBITDA/net financials	97.8	7.9	8.1	6.4	12.8

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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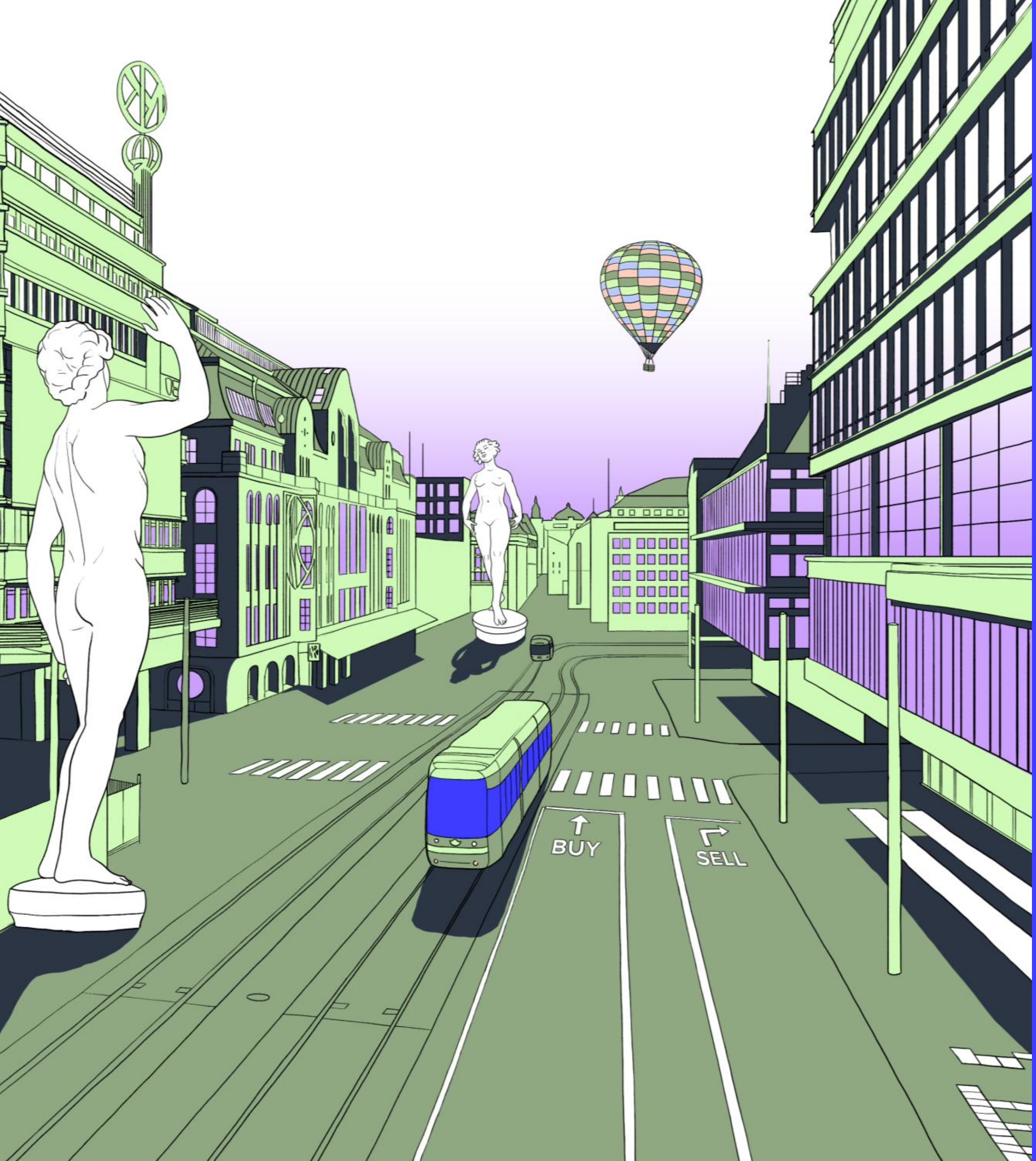
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
Analyst changed			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €
2/13/2023	Accumulate	6.75 €	6.05 €
2/19/2024	Accumulate	6.75 €	6.18 €
4/12/2024	Reduce	6.75 €	7.18 €
5/15/2024	Reduce	7.00 €	7.60 €
8/19/2024	Reduce	7.50 €	7.50 €
11/18/2024	Reduce	7.25 €	7.08 €
1/16/2025	Reduce	7.25 €	7.14 €
2/18/2025	Reduce	7.25 €	7.10 €
5/12/2025	Accumulate	8.25 €	7.54 €
8/19/2025	Reduce	9.00 €	9.22 €
11/11/2025	Reduce	9.00 €	9.10 €
11/17/2025	Reduce	9.00 €	9.08 €
2/16/2026	Reduce	9.00 €	9.04 €
4/20/2026	Reduce	9.00 €	9.60 €
5/18/2026	Reduce	8.50 €	8.80 €
8/14/2026	Reduce	8.50 €	8.56 €



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